



Navigating the Future: Onshore and Offshore Wind Projects in Vietnam Making Deals Bankable - How to get it done!

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AGENDA

- VIETNAM'S LATEST ECONOMIC DEVELOPMENTS
- ENERGY SECTOR OVERVIEW
- POTENTIAL OF RENEWABLE ENERGY IN VIETNAM
- CURRENT GOVERNMENT'S POLICIES ON WIND ENERGY
- INVESTMENT GUIDELINES FOR FOREIGN INVESTORS
- RECOMMENDATIONS

Vietnam's latest economic developments

Vietnam Economy at a glance

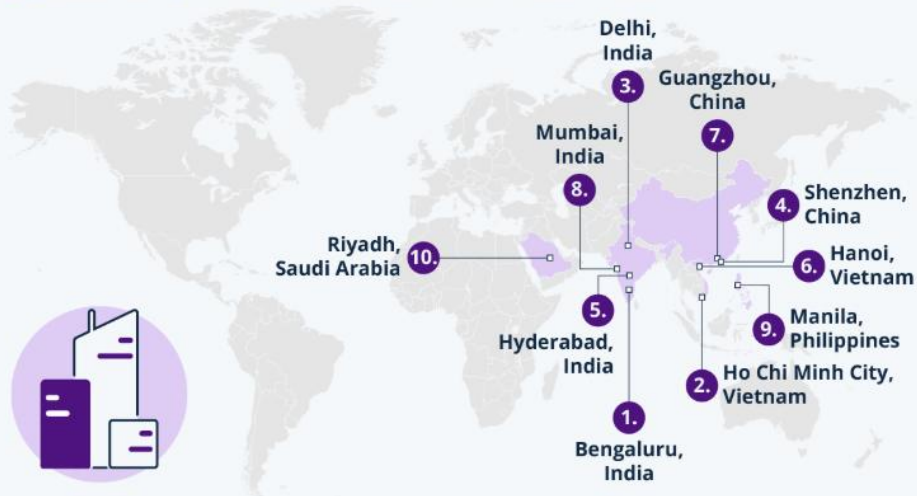


- 2024 GDP: US\$476.3 billion
- GDP per capita: US\$4,700
- GDP Growth in 2024 increased by 7%
- Inflation: 3.63%
- Population: About 101 million
- Labor force aged 15 and above: 68.9%
- Regional Minimum wage (Region I): VND 4,960,000 (US\$ 198) per month (effective from 1st July 2024)
- Vietnam's median age: 32.8 years old
- **Recently, FTSE Russell announced that Vietnam will be upgraded to Secondary Emerging Market status from 21 September 2026, after a final review scheduled for March 2026.**

Fastest Developing Cities on Earth

The 10 Fastest-Developing Cities on Earth

Fastest-growing major cities by 2033,
according to the Savills Growth Hubs Index

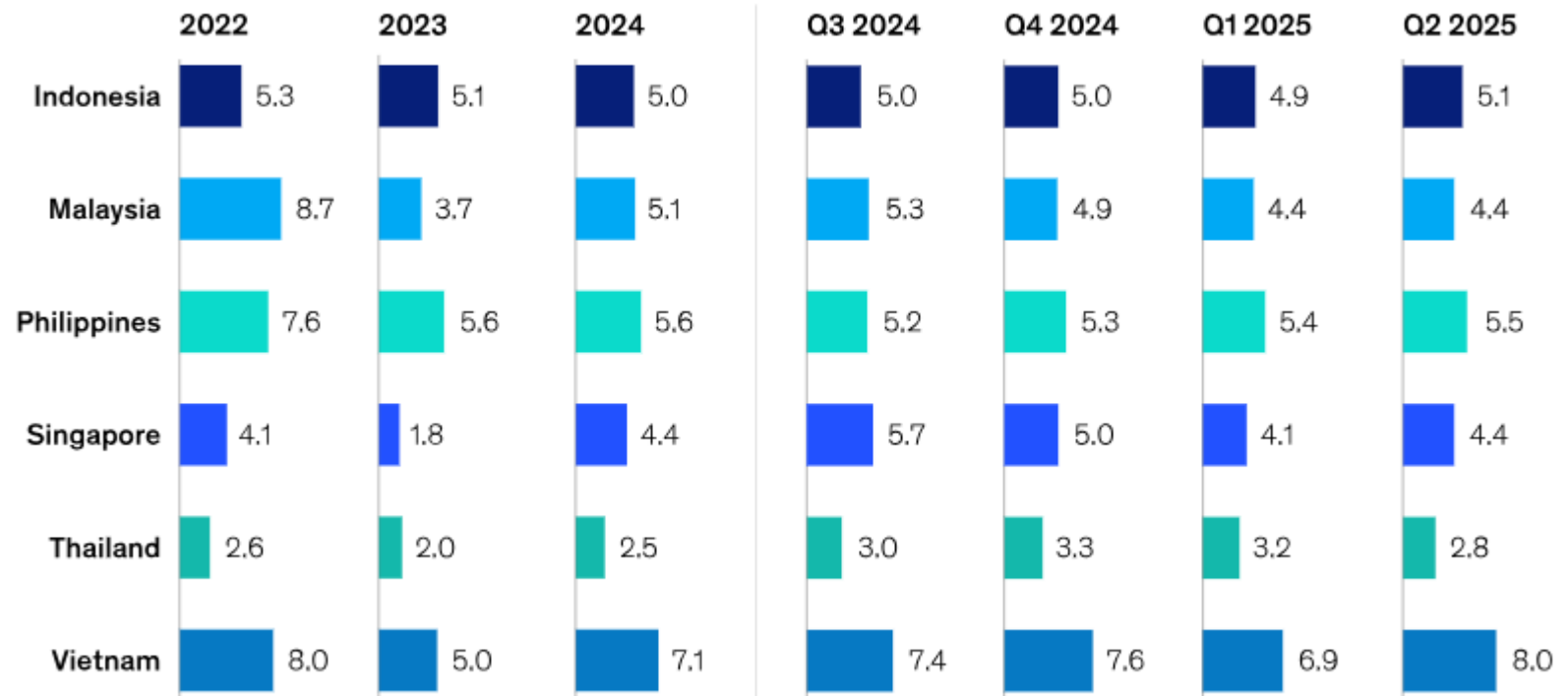


Based on the economy's future strength, the population's future dependency ratio and the growth of personal wealth, the economy and population/migration

Source: Savills Resilient Cities Index

SOUTHEAST ASIA GDP GROWTH

Real GDP growth rate vs previous period, %



Source: Countries' national statistics offices; Oxford Economics

Energy Sector Background

- Vietnam is experiencing an economic boom that is creating one of the fastest electricity demand growth rates in the world

Metric	Figure
Annual Electricity Demand Growth	10-12% (through 2030)
Peak Demand Target (2030)	~100GW
Total Investment Required	~135 Billion
Current Low-Carbon Share (2024)	44%



Energy Sector Background (cont.)

- The revised Power Development Plan VIII (Revised PDP8) approved April 2025 provides the roadmap for Vietnam's net-zero by 2050 goal, placing wind power at the center of its strategy:

Wind Ambition (Grid-Connected Capacity)

Wind Type	Target by 2030 (MW)	Target by 2050 (MW)
Onshore & Nearshore Wind	26,066MW – 38,029MW	84,696MW – 91,400MW
Offshore Wind	6,000MW	113,503MW – 139,097MW
Total Wind Potential	N/A	~600GW

Energy Sector Background (cont.)

- Electricity of Vietnam (EVN) currently holds a monopoly on electricity transmission, distribution, wholesale, and retail.
- Under the Revised PDP 8, in the future, private entities can take part in the development of electricity.
- Currently, National Power Transmission Corporation – a subsidiary of EVN – is the only company to manage and operate the transmission system.



POTENTIAL OF WIND ENERGY IN VIETNAM

Vietnam's electrical energy mix

- According to the Revised PDP8, by 2030, the planned energy resource for local consumption shall reach 183,291MW – 236,363MW, consisting of: (i) Onshore and nearshore wind power: 26,066 ~ 38,029 MW (14.2 ~ 16.1%) and (ii) Offshore wind power: 6,000 ~ 17,032 MW (3.2 ~ 7.2%).
- By 2050, the number is 84,696 ~ 91,400 MW (10.9%) for onshore and nearshore wind power and 113,503 ~ 139,097 MW (14.7 ~ 16.6%) for offshore wind power. Also, by 2050, Vietnam will no longer utilize coal-fired thermal power

Coal production – World Bank no longer supports???



CURRENT GOVERNMENT'S POLICIES ON WIND ENERGY



Wind-to-electricity projects overviews

- Recent major legal documents, such as the Law on Electricity 2024 and its guiding decrees, establish new principles for price determination that support a move towards more market-based mechanisms for renewable energy projects. Marking a shift towards independent power producer models and competitive tendering.
- **On-shore and nearshore projects:** any wind power project with all turbines built in the territorial waters of 06 nautical miles from the lowest mean water line of the mainland for multiple years towards the sea.
- **Off-shore projects:** any wind power project with all turbines built outside the territorial waters of 06 nautical miles from the lowest mean water line of the mainland for multiple years towards the sea.
- **Investor selection:** Investor selection for new wind power projects is required through a formal tender process. Direct assignment is possible in very limited cases (i.e., projects led by State-Owned Enterprise (SOE) or for national security/defense reasons).

Feed-in Tariff (FIT)

- **FIT: 8.5 UScents/kWh** (on-shore projects) and **9.8 UScents/kWh** (off-shore projects) for wind power projects achieving COD before 1 November 2021 – **EXPIRED**
- **Post-FIT mechanism:** New projects require power purchase agreements (PPAs) to be negotiated with EVN, subject to a ceiling price set by the Ministry of Industry and Trade (MOIT) in annual tariff ranges. Ceiling price for wind energy power projects 2025:

Wind power projects	Northern Vietnam	Central Vietnam	Southern Vietnam
Onshore wind power projects	1,959.4 VND/kWh, equivalent to 7.4 UScents/kWh	1,807.4 VND/kWh, equivalent to 6.9 UScents/kWh	1,840.3 VND/kWh, equivalent to 7 UScents/kWh
Nearshore wind power projects	1,987.4 VND/kWh, equivalent to 7.5 UScents/kWh	1,987.4 VND/kWh, equivalent to 7.5 UScents/kWh	1,987.4 VND/kWh, equivalent to 7.5 UScents/kWh

- **Transitional projects:** Projects that missed the FIT deadline but were already under development may be subject to different pricing or must redefine prices based on the current regulations

PPA

- **PPA:** EVN must purchase all power generated by renewable energy projects at the FIT (for eligible projects) or negotiated price (for new projects).
 - **Wind PPA:** MOIT regulates a model wind PPA. This model PPA generally does not include the following provision:
 - Take-or-pay obligation or minimum purchase guarantees
 - Deemed generation payments
 - Change in law provisions
- > **Not bankable**



DPPA mechanism

- **DPPA mechanism** allows eligible renewable energy generators (including wind) to sell electricity directly to large electricity consumers, bypassing the traditional single-buyer model of EVN.
- **Large electricity consumers** are consumers meeting a minimum monthly consumption threshold, with the specific threshold set by the MOIT.
- **Models:**
 - **Off-grid DPPA:** power delivered via private connection lines between the generator and the consumer. The contract price is negotiated but cannot exceed the applicable ceiling price. Notification to the competent authority is required.
 - **Grid-connected DPPA:** Power sold through the national grid. Generators must be at least 10MW and comply with the master plans. Notification and registration with the competent authority is required.

Regulations on Offshore Wind Power Projects

- **Conditions for foreign investors:** foreign investment in offshore wind power projects is conditional and subject to restrictive requirements (i.e., experience in the implementation of offshore power projects, required to establish a joint venture with SOE, SOE must hold at least 5% of shares in the project entity)
- Favourable incentives are provided for offshore wind power projects.
- **Survey and Licensing:** Surveys for offshore wind power projects require licensed survey firms with a feasible plan, commitment to using local resources, and approval from multiple ministries.
- Recently, the MOIT proposed that SOEs (i.e., Petrovietnam) be selected to develop a pilot offshore wind power project.
- The MOIT expects that the government will follow the two-stage investor selection model for projects developed by non-SOE developers, with the mechanism ensuring 17 GW of offshore wind is developed by 2035.

But don't worry! We have the EU – Vietnam FTA and CPTPP

- EU – Vietnam FTA (“EVFTA”) and the Investment Protection Agreement (“IPA”):
 - EVFTA came into effect on 1 August 2020, making Vietnam has more legal certainty than even Germany.
 - IPA implements **investor-to-state dispute settlement** (ISDS) mechanisms – investors can claim in case that an investor protection obligation has been breached
 - Domestic courts cannot question the legal validity of the decisions
- Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP):
 - TPP continues without the US, effective from 30 December 2018.
 - New TPP accounts for 12.9% of global GDP and 14.9% of global trade.

Non-recourse financing

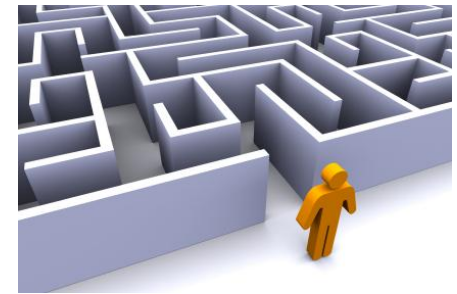
- **What is it?** The Project can be financed with a loan secured by a charge on specific assets or on the revenues generated from a specific project or assets.
- **How to obtain?**
 - ✓ **Option 1:** To develop the project by way of entering into a BOT (Build-Operate-Transfer) contract with the Government. As it is the Government who will own the project at the end upon the expiration of the BOT contract, the BOT contract will be more bankable → the non-recourse/limited recourse financing arrangement can be achievable.
 - ✓ **Option 2:** To seek guarantee from the Multilateral Investment Guarantee Agency (“MIGA”).
 - ✓ **Option 3:** To cooperate with a State-owned commercial bank for its guarantee of the project and then, negotiate with lenders to eliminate all recourses that lenders may ask from the sponsors and/or the borrowers.

Investment guideline for foreign investors



Market access and Forms of investment

- No foreign ownership restriction except for offshore wind power projects
- Investment forms:
 - ✓ A wholly-owned foreign enterprise
 - ✓ A joint venture company between a foreign investor and a domestic investor (i.e., SOE)
 - ✓ Investment pursuant to the BOT legal framework
 - ✓ Through the purchase of shares in either an EVN subsidiary being or having been equitized or a private IPP holding power assets.



WTO ANALYSIS OF LIBERALIZATION OF MARKET ACCESS

Country	Limitation of market access*	Country	Limitation of market access*
Malaysia	medium	Myanmar	high
Indonesia	medium	Cambodia	medium
Philippines	medium	Laos	medium
Singapore	low	India	high
Thailand	medium	China	medium
Brunei	high	Vietnam	low

* Typical restrictions: number of opened sectors, JV requirement, limits on foreign-owned shares, permission requirement

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Financing options for power projects

- Government investment funding and preferential policies
- Official Development Assistance (ODA)
- Loan from commercial banks or financial institutions
- Clean Development Mechanism (CDM)
- Public Private Partnership (PPP)

INVESTMENT INCENTIVES



- **Subject to the decision of the local People's Committee where the project is located**
- **Land: land use fee exemption**
- **CIT 10%**
 - 15 years for new enterprises investing in power plant projects
 - tax exemptions within 4 years and tax reduction by 50% in the next 9 years.
- **Import duty exemption**
 - on goods imported to create fixed assets of the projects; components, materials and semi-finished products which cannot be produced inland for the project's operation.

Project planning

- Investors have to obtain prior agreement of EVN on power purchase prior to licensing procedure.
- Commitment of banks or credit institutions on financing the project must be obtained prior to issuance of Investment Registration Certificate .
- In-principle approval of the local People's Committee is required prior to issuance of Investment Registration Certificate, subject to a formal tender process, depending on the project size
- Obtain a power generation permit from the competent State authorities in order to conduct power generation operations in Vietnam, where applicable.
- Term of the permit: maximum 20 years. The term can be extended, subject to the term of the project.



Project licensing

- **Step 1:** The investor obtains approval from the competent authority [e.g., Prime Minister, MOIT] approving the power plant as part of the power development plan (if required).
- **Step 2:** The investor obtains in-principle approval from the competent People's Committee
- **Step 3:** Formal tender process (where applicable) to obtain the Investment Registration Certificate
- **Step 4:** Application for the issuance of the Enterprise Registration Certificate
- **Step 5:** Preparation of construction / operations of the power plant (for example, acquiring land area, site clearance, preparation, land investigation, conducting environmental assessment)
- **Step 6:** The project company to obtain necessary permits (e.g. electricity generating permit) and relevant agreements (e.g. PPA) for its and the power plant's operation.
- **Step 7:** Construction of the power plant and operation



Key department EVN – Electricity Market Department

- Officials from Ban Thi Truong Dien (Electricity Market Department) are responsible for negotiating Power Purchase Agreements.
- Duane Morris Vietnam has the contact with key person in charge of the Electricity Market Department.

RECOMMENDATIONS FOR INVESTORS

- Due care in negotiations of the PPA and grid connection agreement with EVN
- Local partnerships with experienced local partners should be considered, given the context of the current shift in government policy and the emerging competitive electricity market
- Electricity selling in off-grid areas can be a good choice
- In the case of grid-connected projects, grid capacity should be taken into consideration
- Due diligence on offshore wind (i.e., survey firms, required licenses/decisions)
- Sound financing structure, good business model, and great legal assistance are keys to success.

RECOMMENDATIONS FOR INVESTORS (cont.)

- Accurate prediction of where the market is heading to, in the context of Vietnam's critical power shortage and congestion of the grid, should be considered.
- More pressure on the government to adequately address key issues on tariff increase, demonopolization of the power market and government guarantee.
- Vietnam's market is extremely in need of financing and EPC capability. There are rooms for cost-effective and high quality EPC contractors and resourceful lenders.
- In many cases, you can “test the water” with a small power plant project.

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Jim Elliot

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Thank you very much!

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